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SIPDIS

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SUBJECT: GOF LEAKS STRATEGIC SECTORS TO BE PROTECTED FROM
FOREIGN TAKEOVERS

Ref: Paris 5441

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¶1. (U) Summary. The French Government is slowly unveiling the contents of an upcoming decree listing the specific strategic sectors to be shielded from foreign takeover (per reftel). The State Council, France's highest administrative body, is currently reviewing the decree before its signature by the President. The decree will also require approval from the EU Commission. End Summary.

¶2. (U) French Industry Minister Francois Loos chose the business daily "Les Echos" for his announcement on August 30 that the GOF intended to follow-up within "a few weeks" on Prime Minister de Villepin's July call for "economic patriotism". The following day, the French daily claimed to have obtained a draft of the upcoming GOF decree, which, it said, should list the following ten sectors: armaments, security, communication interception equipment, computer security systems, dual civil-military technologies, cryptology equipment, businesses dealing with sensitive military information, biotechnology, pharmaceuticals (antidote production), and casinos.

¶3. (U) Economy and Finance Minister Thierry Breton, who oversees Loos, was more cautious in his remarks. During a radio interview on August 30, he said: "Of course, as it is in all countries, it's a question of sensitive, very sensitive sectors, which essentially concerns sectors like defense, biotechnology, space technology, telecoms -- the sectors that are associated with our national heritage."

¶4. (SBU) COMMENT: Les Echos noted that France's strategic interests surprisingly did not seem to include oil or yogurt -- a barbed reference to the rumored takeover of Danone by PepsiCo, which had prompted Villepin's call for protection of French "industrial jewels." To preempt concern from other EU members, Breton has pitched the proposed French action as being fully in line with existing EU decrees on freedom of investment, with an emphasis on reciprocity. However, the direction and effect of this economic policy are likely to be protectionist.
Stapleton